

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 241577

20

ORIGIN EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 /052 R

DRAFTED BY EA/PHL:RTWILLNER/TEARNOLD:JAK

APPROVED BY EA/PHL:BAFLECK

EXIM:RCRAFTON

----- 059240

R 092340Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

LIMITED OFFICIAL USE STATE 241577

E.O. 11652: N/A

TAGS: ENRG, RP

SUBJECT: NUCLEAR POWER PROJECT

REFS: A) MANILA 14259; B) MANILA 12600

FOR AMBASSADOR FROM ARNOLD

1. DISCUSSED PROJECT WITH CASEY OCTOBER 8. HE ADVISED THAT, AS MELCHOR TOLD YOU, EXIM HAD OFFERED A 45/45 FINANCING PACKAGE AT 8 AND ONE HALF PER CENT, WHICH GOP HAD ACCEPTED, BUT THAT NEGOTIATIONS WERE CONTINUING REGARDING CAPITALIZATION OF INTEREST.

2. SINCE RECEIVING REFTEL A WE HAVE AGAIN DISCUSSED PROBLEM WITH EXIM. WHILE NO, REPEAT NO, FINAL CONTRACT HAS BEEN SIGNED AND THE NUMBERS THEREFORE REMAIN A BIT SPONGY, MELCHOR'S PROBLEMS APPEAR TO INVOLVE THE PROSPECTIVE HANDLING OF UNGUARANTEED COMMERCIAL BANK LOANS AND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 241577

INTEREST CHARGES WHICH GOP SEEKING TO CAPITALIZE AS PART

OF PACKAGE. USING NUMBERS IN REF B AS BENCHMARKS ONLY, THE 45/45 FORMULA COVERS 90 PER CENT OF US GOODS AND SERVICES EITHER AS DIRECT EXIM LOAN OR GUARANTEE. TAKING INTO ACCOUNT THE PORTION (ABOUT HALF) OF CAPITALIZED INTEREST WHICH EXIM HAS INDICATED IT IN PRINCIPLE PREPARED TO

GUARANTEE PLUS PHILIPPINE EQUITY, THE UNGUARANTEED COMMERCIAL LOAN AND UNGUARANTEED PORTION OF CAPITALIZED INTEREST TOGETHER WOULD AMOUNT TO ABOUT USDOL 250 MILLION, IN THIS YET SLIPPERY NUMBERS GAME ROUGHLY THE SUM MELCHOR HAS PUT TO YOU. THE NPC TEAM IS MEETING OCTOBER 9 WITH EXIM TO CONSIDER THESE ASPECTS OF THE FINANCING PACKAGE, AND IT IS, THEREFORE, PREMATURE TO TRY TO ISOLATE WHAT MAY BE THE HARD CORE PROBLEM, IF ANY.

3. ALTHOUGH A NUMBER OF UNCERTAINTIES REMAIN TO BE OVERCOME REGARDING THIS PROJECT IT DOES NOT APPEAR THAT THE FINANCING ARRANGEMENTS ARE IN AS IMMINENT DANGER OF FALLING APART AS MELCHOR SEEMS TO BELIEVE. BOTH EXIM AND THE BANKS APPEAR TO BE MOVING IN POSITIVE FASHION TO WORK OUT SATISFACTORY ARRANGEMENTS. EXIM STRESSES, HOWEVER, THAT ALL THAT CAN BE CONCLUDED AT PRESENT ARE THE BROAD OUTLINES OF FINANCING. DETAILS OF CONTRACT STILL REQUIRE EXTENSIVE EXAMINATION, WHICH IS SCHEDULED TO START NEXT WEEK WITH VISIT OF SENIOR WESTINGHOUSE OFFICIALS TO WASHINGTON.

4. I WILL STAY IN TOUCH WITH DISCUSSIONS HERE AND WILL MAKE ANY CONTACTS THAT SEEM USEFUL WITH THE LEAD BANKS BEFORE LEAVING US ON OCTOBER 13. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR ENERGY, PROGRAMS (PROJECTS), BANK LOANS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE241577
Document Source: CORE
Document Unique ID: 00
Drafter: RTWILLNER/TEARNOLD:JAK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750352-1133
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751068/aaaacjba.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MANILA 14259, 75 MANILA 12600
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2003 by CunninFX>; APPROVED <20 NOV 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NUCLEAR POWER PROJECT
TAGS: ENRG, RP, XMB
To: MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006